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SECURITY INFORMATION

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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*Army and State Dept
reviews completed*

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GENERAL

1. 25X1C Apostolic Delegate reportedly supervises Vatican-Iranian "concordat": [] in Iran, Monsignor Papallardo, the Apostolic Delegate to that country, is responsible for "supervising a concordat" which allegedly has been concluded between the Vatican and the Iranian Government. He has obtained licenses to open three small schools in outlying districts.

25X1C [] that Iranians who originally were most
25X1A opposed to such schools have responded favorably by enrolling their children. []

Comment: In view of the highly nationalist orientation of the Iranian Government, it is likely that a simple working agreement rather than a "concordat" has been arranged with the Vatican.

25X1 According to an earlier unconfirmed report [] 25X1
[] Papallardo concluded a "concordat" in May 1952 whereby Catholic-operated schools were to be established in Iran under the Vatican's supervision.

SOVIET UNION

2. 25X1C Nationalism in Soviet Central Asia influenced by Mao: An [] local radio relay stations in Kazakh's western oblasts had been guilty of "separatist" interpretations of TASS broadcasts. In references to Mao Tse-tung's speeches on the Asian nations' fight for independence, local radio commentators frequently included Kazakhstan in this list of nations. Since May 1952, when six radio teams were suspended, TASS communiques have been relayed in this area without comment and the dissemination of Mao's works has been restricted. []

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Comment: In view of the continuous campaign waged by Moscow against "bourgeois nationalism" in Central Asia, it is very possible, as previous rumors have indicated, that Central Asian national sentiment is inspired by the independent position in the Communist world maintained by neighboring China. Any outspoken or active agitation for Maoism, however, is not likely to exist.

EASTERN EUROPE

3. Czech security forces expand control in rural areas: Minister of National Security Bacilek, in an 8 August speech, revealed the addition to the National Security Corps of an auxiliary group recruited from among employees of state farms, co-operatives, and machine tractor stations, and the existence of district commissioners responsible for rural security on an area basis. Bacilek stressed the need for campaigning for the spread of co-operatives and for stopping sabotage in the countryside. (R FBIS Prague, 8 Aug 52)

Comment: This is the latest action in a multi-faceted government effort to speed collectivization and combat peasant resistance. On the same day the Czechoslovak Youth League was exhorted to organize rural youth and push "new farming methods." Last month Minister of Agriculture Nepomucky urged better organization to overcome "serious deficiencies" in the harvest process.

Previously the Ministry of National Security has received limited support in its border activities from the rural militia, which is made up primarily of state farm employees in the western border zones.

4. Low quality of Hungarian elevator factory output termed "sabotage": The Hungarian trade union newspaper calls the "colossal blunders" made by a plant manufacturing elevators for export "sabotage." The management is accused of submitting false plan reports and appropriating money for itself, as well as of the political crime of allowing itself to become separated from the workers. (R Budapest 125, 11 Aug 52)

Comment: The charge of sabotage probably indicates that another section of the Hungarian engineering industry has produced poor quality goods in an attempt to meet demands for quantity production and to comply with the newly raised labor norms. Similar charges were made against the Ganz railroad car factory and the Buda shipyards in June. The accusation of falsification of sta-

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tistics may result from an attempt by management to hide its failures to meet quantity targets as well. The emphasis on goods for export is in keeping with the current priority assigned to exports either to the USSR or other Orbit countries. 25X1

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FAR EAST

6. France suggests only moderate warning to Chinese on Southeast Asia: According to a high French official in Saigon, his government is suggesting an American-British-French declaration on Southeast Asia setting forth a "readiness to assist powers determined to resist threats to their independence." He added that the British believe such a statement would be premature and that they prefer to wait until a decision is made on how to defend the region in case of a Chinese Communist attack. (S Saigon 349, 11 Aug 52)

Comment: Both the French and British have opposed a US-favored warning to Communist China of retaliation in case of a Chinese invasion of Southeast Asia. They fear such a threat might provoke an attack rather than prevent one.

7. Organizational and personnel changes noted in Peiping regime: The seven new ministries established by the Peiping regime indicate the economic sectors to receive added stress in Peiping's central planning. They are Commerce, Foreign Trade (these two replacing the Ministry of Trade), First and Second Machine Industries, Civil Engineering, Food, and Geology. The elevation of Geology suggests more participation in the surveys of the border areas, where Soviet geologists have heretofore been dominant.

Authorization of provincial governments for Anhwei and Szechwan may reflect the consolidation of Communist control. No clear reason has been discovered for previously administering the provinces in geographical units.

Announced personnel changes again illustrate the trend of installing party leaders in as many key national, provincial and municipal posts as possible. Party control of the major organs of the central administration will be strengthened particularly by bringing to Peiping Hsi Chung-hsun and Teng Hsiao-ping, for years the party's strong men in the Northwest and Southwest respectively. (Factual data from: R Peiping, 10 Aug 52)

8. Macao border clashes ascribed to controls on trade with China: The Portuguese delegate to COCOM expressed his belief on 1 August that the clashes between Portuguese and Chinese troops at the Macao frontier were the result of the searches made by Macao authorities of heavy trucks going to China. (S Paris 909, 11 Aug 52)

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Comment: The Portuguese were expected to take full advantage of the border clashes to press their contention that Macao's safety from Communist attack demands continuing strategic shipments to China.

There is no firm evidence that the clashes were premeditated by the Peiping regime in retaliation for any trade restrictions by Macao. According to Hong Kong news reports, however, the Communists are using the incidents to press demands on Macao for greater freedom in making shipments to China.

9. Viet Minh claims to be fighting Chinese Nationalists in Indochina: Ambassador Heath in Saigon notes that a recent Viet Minh broadcast on the situation near Laokay, in northwestern Tonkin, omitted reference to the presence of Chinese Communist troops there. Instead, it claimed that purely Viet Minh units were conducting a campaign against remnants of Chinese Nationalist troops who were cooperating with French-supported Meo guerrillas.

The Ambassador comments that the broadcast's insistence on the presence of Nationalist troops may set the stage for an admission of Chinese Communist participation in the Indochina fighting. (S Saigon 346, 11 Aug 52)

Comment: The latest of several Chinese Communist incursions in the northwestern border area, as reported by the French, involved an estimated 5,000 to 6,000 troops who were aiding a Viet Minh regiment against the Meo tribesmen.

There are reported to be approximately 1,500 former Nationalist soldiers living as bandits in the mountainous area in the vicinity of Laokay.

10. Premier sets forth Burmese nationalization policy: In a recent speech, the Burmese premier stated that all foreign-operated industries would be nationalized as soon as they were rehabilitated and the government was able to take them over. He said that land nationalization would continue cautiously, and that Burmese firms would still be limited to 60 percent of the import business.

The American Embassy in Rangoon comments that these remarks may retard the rehabilitation of industries, including those in which the Burmese Government expects to gain part interest. (C Rangoon 203, 8 Aug 52)

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Comment: The Burmese Government has negotiated "joint ventures" with the Burma Oil Company and the Burma Corporation, two leading British firms. This speech, contrary to recent reports, indicates that the Burmese Government has not seriously modified its Marxist-inspired nationalization policy which, next to widespread insurrection, has been the chief stumbling block to investment of foreign capital in Burma.

NEAR EAST - AFRICA

11. Calm view taken of Evros River island incident: The Turkish military commander in Thrace apparently is unconcerned over the clash on the Evros River between the Greeks and Bulgarians; he expressed approval of Greek action which secured control of Gamma island by gunfire.

UN observers in the area, however, believe that trouble will recur over the islands unless a firm demarcation of the boundary is agreed upon by both the Greek and Bulgarian Governments. (C Istanbul 104, 11 Aug; S New York 129, 11 Aug 52)

Comment: Greek authorities have treated the Evros River incident as a minor border clash. No further action will be taken by the Greek Army unless the Bulgarians make an offensive move. Consideration of the issue will be referred to a sub-committee of the UN Balkan Commission.

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WESTERN EUROPE

12. East Germans step up fear campaign to advance government program: American officials in Berlin observe that Communist propaganda emphasis on the larger aspects of "sovietization" may be obscuring more significant developments in the totalitarianization of East Germany.

Of particular importance in this respect, these officials believe, is the reported election in Thuringia last month of local citizens to serve as intermediaries between the government and the people. East German papers state that "due to good average participation in the elections," thousands of such persons were "elected" who would serve further "to solidify the close relationship existing between the populace and the state administration." American officials in Berlin assert that these elections were held only pro forma, and that the persons elected are actually reliable tools of the regime and constitute a network of spies and informers whose primary function will be the intimidation of the populace.

Institutionalizing fear as an instrument of state policy is also involved in the number of staged trials now being held in East Germany. Although some of these trials have been intended to counter Western psychological warfare, the coupled warnings of the dangers of noncooperation are clearly designed for the East Germans, who have frankly been told that the purpose of these trials is not justice, but the liquidation of the opponents of socialism. (Factual data from: C Berlin Desp 70, 18 July 52)

13. Possibility seen for Czech air incident over West Germany: Czech jet planes have recently been observed flying parallel to American planes patrolling the Czech-West German border. American authorities comment that the Czechs would probably "make armed interception" of any aircraft inadvertently violating the border. Moreover, since Czech jets frequently cross over the West German border for short distances, such interception could occur over West Germany.

American authorities state that recent Czech air tactics are designed to inhibit American border surveillance flights. The Czech Government is especially sensitive to these flights since Czech army maneuvers are now being held in summer training areas near the border. (C CINCEUR Heidelberg SX2126, 6 Aug 52)

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14. West Germans hope for US intervention in Saar dispute: According to West German Deputy Foreign Minister Hallstein, Chancellor Adenauer believes that American intervention is now necessary in the French-German negotiations on the Saar. Although Hallstein has dissuaded the Chancellor from requesting intervention at this time, he declares that it may be required later.

Hallstein states that the current negotiations are bogging down because neither side has a clear formula for "Europeanizing" the Saar. (S Bonn 510, 11 Aug 52)

Comment: American "good offices" will probably be invoked since West German diplomats feel that American participation in the talks would result in some moderation of French demands. Both sides, however, seem sincerely desirous of reaching a final settlement in the current talks.

American observers state that more progress could be made if Adenauer were to return from his vacation to take part in the negotiations.

LATIN AMERICA

15. El Salvador to propose joint Central American action against Communism: Foreign Minister Canessa of El Salvador has announced that he will present the forthcoming meeting of the Organization of Central American States (ODECA) with a resolution calling for joint action against Communist infiltration in Central America.

One of the two strongest pro-government parties in Guatemala has issued a statement condemning the proposed resolution as an "anti-democratic provocation." (R Guatemala City 66, 11 Aug 52; R FBIS San Salvador, 12 Aug 52)

Comment: ODECA is scheduled to meet in Guatemala City beginning on 5 September. Guatemala, with El Salvador, took a leading part in organizing ODECA and clearly hoped to dominate it. The other members, however, are uneasy over the considerable Communist infiltration in Guatemala.

The Guatemalan Government could not unreservedly accept the resolution without first taking strong measures against the Communist-dominated or -infiltrated organizations which form its strongest civilian support. There are some indications, however, that the Salvadoran resolution may have the

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support of Guatemalan army leaders. Reports on conferences between Guatemalan and Salvadoran army chiefs suggest that the resolution may be part of a plan formulated by the two armies for eliminating Communist influence from Guatemala.

16. Conservative Caribbean regimes reportedly will intervene in Costa Rican election campaign: Salvadoran Foreign Minister Canessa states that the governments of El Salvador, Nicaragua, Honduras, Panama, and Venezuela have decided to spend a "pooled" \$500,000 under his direction to prevent the election of Jose Figueres in Costa Rica next year. Canessa told an American Embassy official that Figueres, whom he considers "Communist-inclined" and anti-American, has over three times as much financial backing for his campaign as government candidate Mario Echandi, and that the \$500,000 will be used for propaganda and arms to overcome Figueres' advantage. (S San Salvador Desp 30, 16 July 52)

Comment: All of the governments reportedly allied to defeat Figueres, with the exception of El Salvador, have been fearful of the activities of the so-called Caribbean Legion with which Figueres is frequently linked. El Salvador has been jockeying for leadership of the recently-formed Organization of Central American States, and may feel it necessary to become involved in any movement purporting to protect the stability and unity of the area.

Figueres, who is now leading the field in the Costa Rican presidential race, is at present neither "Communist-inclined" nor anti-American, but rather a highly emotional, erratic national socialist and a declared foe of many of the neighboring regimes.

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